

ARTICLE APPEARED
ON PAGE B-15

THE WASHINGTON POST
13 OCTOBER 1982

JACK ANDERSON

Questions Noted On U.S.-Egypt Weapons Deal

Intriguing questions remain to be answered in the curious award of an exclusive, multimillion-dollar contract to ship U.S. arms to Egypt:

How did the company, Egyptian American Transport and Services Corp. (EATSCO) hit upon a former high-level CIA official, Thomas Clines, as its [vice] president?

My associates Dale Van Atta and Indy Badhwar have been chasing this story for more than a year. I sent Van Atta to Egypt, Israel and Lebanon to follow up leads.

Our investigation makes one thing clear: questions about EATSCO's previous incarnation, a Geneva-based firm with no previous experience in shipping, were raised in Congress, the Pentagon and Egypt. As a result, the company's Egyptian president, Hussein Salem, transformed it into EATSCO.

Salem, a former military intelligence officer, asked an American with important connections to join him as a partner, buying in for \$50,000. The offer was turned down, and somehow Clines became Salem's next choice. He accepted.

A former Salem associate said Clines was chosen because the Egyptian was impressed by Clines' background as director of training for the CIA's clandestine services. "I think foreigners all believe our moves about the CIA," the former associate explained. "They think the CIA is twice as powerful as it is—can do a lot of things that the newspapers say."

Another source, a businessman who was riding in Clines' "old rattletrap car" in September, 1979, shortly after the former CIA official had become EATSCO president, recounted Clines' own puzzlement at his sudden good fortune.

"When we were driving down the street," the businessman recalled, "he said, 'I don't know how I got this job. All of a sudden, you know, I'm offered this job.'"

The businessman, who has ties himself to the intelligence community, said: "I know how he got the job. It was that CIA thing and they [Salem] pull him into the deal."

According to the first source, after my columns on EATSCO a year ago, Salem considered Clines so much excess baggage. "He bought him out and got rid of him," the former Salem associate said.

that said, "The customer [Egypt] is satisfied with EATSCO's performance and charges, including all profits, which are below the limits permitted by its contract." The company's costs were less than "private sector competitors performing similar services," he said.

"EATSCO believes that at all times it has complied with applicable U.S. laws," the spokesman said.

After repeated attempts to interview EATSCO officials, a company spokesman produced a statement